



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

Community Choice Michigan

NAIC Group Code	0000	0000	NAIC Company Code	95562	Employer's ID Number	38-3252216
(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes []		No [X]	
Incorporated/Organized	05/24/1995		Commenced Business	08/01/1996		
Statutory Home Office	2369 Woodlake Dr, Suite 200			Okemos, MI 48864-6024		
		(Street and Number)		(City or Town, State and Zip Code)		
Main Administrative Office	2369 Woodlake Dr, Suite 200					
	Okemos, MI 48864-6024		517-349-9922			
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)		
Mail Address	2369 Woodlake Dr, Suite 200			Okemos, MI 48864-6024		
		(Street and Number or P.O. Box)		(City or Town, State and Zip Code)		
Primary Location of Books and Records	2369 Woodlake Dr, Suite 200					
	Okemos, MI 48864-6024		517-706-6604			
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)		
Internet Website Address	www.ccmhmo.org					
Statutory Statement Contact	Kimberly A. Saxton			517-706-6604		
			(Name)		(Area Code) (Telephone Number) (Extension)	
	kim.saxton@csmg-online.com			517-349-5343		
		(E-mail Address)		(FAX Number)		
Policyowner Relations Contact	2369 Woodlake Dr, Suite 200					
			(Street and Number)			
	Okemos, MI 48864-6024		800-390-7102			
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Christine Baumgardner	Board President	Chris Shea	Board Vice-President
Sharron Gallop	Board Secretary-Treasurer		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Velma Hendershott	AJ Jones	Denise Holmes	Anthony King
Patricia Teague	Evonne Williams	Sharron Gallop	Christine Baumgardner
Chris Shea	Gwendolyn Williams		

State ofMichigan.....
County ofIngham.....
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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Christine Baumgardner Board President	Chris Shea Board Vice-President	Sharron Gallop Board Secretary-Treasurer
Subscribed and sworn to before me this		a. Is this an original filing? Yes [X] No []
_____ day of _____,		b. If no,
_____		1. State the amendment number _____
		2. Date filed _____
		3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	5,542,040		5,542,040	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	40,782
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$11,941,067 , Schedule E, Part 1), cash equivalents (\$1,000,000 , Schedule E, Part 2) and short-term investments (\$4,614,022 , Schedule DA).....	17,555,089		17,555,089	31,021,464
6. Contract loans, (including \$premium notes)			.0	.0
7. Other invested assets (Schedule BA) .....	.0	.0	.0	.0
8. Receivables for securities .....			.0	.0
9. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9)	23,097,129	.0	23,097,129	31,062,246
11. Title plants less \$charged off (for Title Insurers only) .....			.0	.0
12. Investment income due and accrued	130,897		130,897	4,928
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	128,000		128,000	.0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			.0	.0
13.3 Accrued retrospective premium.....			.0	.0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	131,545		131,545	175,861
14.2 Funds held by or deposited with reinsured companies .....			.0	.0
14.3 Other amounts receivable under reinsurance contracts .....			.0	.0
15. Amounts receivable relating to uninsured plans .....			.0	.0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	.0
16.2 Net deferred tax asset.....			.0	.0
17. Guaranty funds receivable or on deposit .....			.0	.0
18. Electronic data processing equipment and software .....			.0	.0
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			.0	.0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
21. Receivables from parent, subsidiaries and affiliates .....			.0	.0
22. Health care (\$4,178,543) and other amounts receivable.....	4,256,820	2,603,062	1,653,758	1,458,645
23. Aggregate write-ins for other than invested assets	50,175	50,175	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	27,794,566	2,653,237	25,141,329	32,701,680
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
26. Total (Lines 24 and 25)	27,794,566	2,653,237	25,141,329	32,701,680
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Insurance.....	12,298	12,298	.0	.0
2302. Prepaid Other	37,877	37,877	.0	.0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.0	.0	.0	.0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	50,175	50,175	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	9,973,665		9,973,665	11,874,383
2. Accrued medical incentive pool and bonus amounts	23,800		23,800	368,405
3. Unpaid claims adjustment expenses	183,628		183,628	232,397
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	3,034,550		3,034,550	3,936,782
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	48,586		48,586	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	13,264,229	0	13,264,229	16,411,967
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	358,046	358,046
27. Surplus notes	XXX	XXX		5,600,000
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	11,519,054	10,331,667
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	11,877,100	16,289,713
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	25,141,329	32,701,680
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	.580,504	.576,991
2. Net premium income (including \$0 non-health premium income).....	XXX	103,596,161	101,983,706
3. Change in unearned premium reserves and reserve for rate credits	XXX		.0
4. Fee-for-service (net of \$ medical expenses)	XXX		.0
5. Risk revenue	XXX		.0
6. Aggregate write-ins for other health care related revenues	XXX	(6,204,769)	(6,285,879)
7. Aggregate write-ins for other non-health revenues	XXX	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	.97,391,392	.95,697,827
Hospital and Medical:			
9. Hospital/medical benefits .....		.48,700,081	.51,528,376
10. Other professional services .....		.8,200,397	.2,249,220
11. Outside referrals .....		.0	.0
12. Emergency room and out-of-area .....		.6,571,626	.7,529,288
13. Prescription drugs .....		.19,861,387	.17,985,642
14. Aggregate write-ins for other hospital and medical.....	.0	.0	(213,998)
15. Incentive pool, withhold adjustments and bonus amounts.....			.424,245
16. Subtotal (Lines 9 to 15) .....	.0	.83,333,491	.79,502,773
Less:			
17. Net reinsurance recoveries .....		.165,690	.474,860
18. Total hospital and medical (Lines 16 minus 17) .....	.0	.83,167,801	.79,027,913
19. Non-health claims (net).....			.0
20. Claims adjustment expenses, including \$2,427,802 cost containment expenses.....		.3,134,871	.3,582,434
21. General administrative expenses.....		.8,363,219	.6,747,211
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	.94,665,891	.89,357,558
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	.2,725,501	.6,340,269
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		.838,781	.517,143
26. Net realized capital gains (losses) less capital gains tax of \$27,420		.27,420	.27,309
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	.866,201	.544,452
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$ ..... )] .....		.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	.0	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	.3,591,702	.6,884,721
31. Federal and foreign income taxes incurred	XXX		.0
32. Net income (loss) (Lines 30 minus 31)	XXX	.3,591,702	.6,884,721
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment.....	XXX	(6,204,769)	(6,285,879)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(6,204,769)	(6,285,879)
0701.	XXX		.0
0702.	XXX		.0
0703.	XXX		.0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	.0	.0
1401. Third Party Liability.....			(213,998)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	.0	.0	(213,998)
2901. ....			.0
2902. ....			.0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	.0	.0	.0

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	16,289,713	10,725,387
34. Net income or (loss) from Line 32	3,591,702	6,884,721
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(7,954)	(24,827)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(2,396,361)	104,432
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	(5,600,000)	(1,400,000)
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(4,412,613)	5,564,326
49. Capital and surplus end of reporting period (Line 33 plus 48)	11,877,100	16,289,713
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	103,930,635	102,717,175
2. Net investment income	694,183	595,069
3. Miscellaneous income	(6,065,375)	(4,862,220)
4. Total (Lines 1 through 3)	98,559,443	98,450,024
5. Benefits and loss related payments	88,399,886	82,219,640
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	12,572,906	9,321,448
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	100,972,792	91,541,088
11. Net cash from operations (Line 4 minus Line 10)	(2,413,349)	6,908,936
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	42,565	38,584
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	33,555	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	76,120	38,584
13. Cost of investments acquired (long-term only):		
13.1 Bonds	5,529,146	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,529,146	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(5,453,026)	38,584
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(5,600,000)	(1,400,000)
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(5,600,000)	(1,400,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(13,466,375)	5,547,520
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	31,021,464	25,473,944
19.2 End of year (Line 18 plus Line 19.1).....	17,555,089	31,021,464

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Community Choice Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	103,596,161	.0	.0	.0	.0	.0	.0	103,596,161	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit .....	.0												
3. Fee-for-service (net of \$ medical expenses) .....	.0												XXX
4. Risk revenue .....	.0												XXX
5. Aggregate write-ins for other health care related revenues	(6,204,769)	.0	.0	.0	.0	.0	.0	(6,204,769)	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6)	97,391,392	.0	.0	.0	.0	.0	.0	97,391,392	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits	48,700,081							48,700,081					XXX
9. Other professional services	8,200,397							8,200,397					XXX
10. Outside referrals .....	.0												XXX
11. Emergency room and out-of-area	6,571,626							6,571,626					XXX
12. Prescription Drugs	19,861,387							19,861,387					XXX
13. Aggregate write-ins for other hospital and medical .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts .....	.0												XXX
15. Subtotal (Lines 8 to 14)	83,333,491	.0	.0	.0	.0	.0	.0	83,333,491	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries	165,690							165,690					XXX
17. Total hospital and medical (Lines 15 minus 16)	83,167,801	.0	.0	.0	.0	.0	.0	83,167,801	.0	.0	.0	.0	XXX
18. Non-health claims (net) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ 2,427,802 cost containment expenses	3,134,871							3,134,871					
20. General administrative expenses	8,363,219							8,363,219					
21. Increase in reserves for accident and health contracts .....	.0												XXX
22. Increase in reserves for life contracts .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	94,665,891	.0	.0	.0	.0	.0	.0	94,665,891	.0	.0	.0	.0	.0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	2,725,501	0	0	0	0	0	0	2,725,501	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Assurance Assessment	(6,204,769)							(6,204,769)					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	(6,204,769)	0	0	0	0	0	0	(6,204,769)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.....0
2. Medicare Supplement .....				.....0
3. Dental Only.....				.....0
4. Vision Only.....				.....0
5. Federal Employees Health Benefits Plan .....				.....0
6. Title XVIII - Medicare .....				.....0
7. Title XIX - Medicaid.....	103,906,043		309,882	103,596,161
8. Stop Loss .....				.....0
9. Disability Income .....				.....0
10. Long-term care .....				.....0
11. Other health.....				.....0
12. Health subtotal (Lines 1 through 11)	103,906,043	.....0	309,882	103,596,161
13. Life .....				.....0
14. Property/Casualty .....				.....0
15. Totals (Lines 12 to 14)	103,906,043	0	309,882	103,596,161

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Community Choice Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	88,288,586							88,288,586					
1.2 Reinsurance assumed	(233,305)							(233,305)					
1.3 Reinsurance ceded	0							0					
1.4 Net	88,055,281	0	0	0	0	0	0	88,055,281	0	0	0	0	0
2. Paid medical incentive pools and bonuses	344,605							344,605					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	10,105,210	0	0	0	0	0	0	10,105,210	0	0	0	0	0
3.3 Reinsurance assumed	(131,545)	0	0	0	0	0	0	(131,545)	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	9,973,665	0	0	0	0	0	0	9,973,665	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0							0					
4.2 Reinsurance assumed	0							0					
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	23,800							23,800					
6. Net healthcare receivables (a)	(2,986,762)							(2,986,762)					
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	12,073,543	0	0	0	0	0	0	12,073,543	0	0	0	0	0
8.2 Reinsurance assumed	(199,160)	0	0	0	0	0	0	(199,160)	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	11,874,383	0	0	0	0	0	0	11,874,383	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	368,405	0	0	0	0	0	0	368,405	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	83,333,491	0	0	0	0	0	0	83,333,491	0	0	0	0	0
12.2 Reinsurance assumed	(165,690)	0	0	0	0	0	0	(165,690)	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	83,167,801	0	0	0	0	0	0	83,167,801	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	1,660,505							1,660,505					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	1,660,505	0	0	0	0	0	0	1,660,505	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	8,444,705							8,444,705					
2.2. Reinsurance assumed	(131,545)							(131,545)					
2.3. Reinsurance ceded	0							0					
2.4. Net	8,313,160	0	0	0	0	0	0	8,313,160	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	10,105,210	0	0	0	0	0	0	10,105,210	0	0	0	0	0
4.2. Reinsurance assumed	(131,545)	0	0	0	0	0	0	(131,545)	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	9,973,665	0	0	0	0	0	0	9,973,665	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					.....0	.....0
2. Medicare Supplement .....					.....0	.....0
3. Dental Only.....					.....0	.....0
4. Vision Only.....					.....0	.....0
5. Federal Employees Health Benefits Plan Premiums .....					.....0	.....0
6. Title XVIII - Medicare .....					.....0	.....0
7. Title XIX - Medicaid.....	.....8,837,925	.....85,082,164	.....121,844	.....9,851,821	.....8,959,769	.....11,874,383
8. Other health .....					.....0	.....0
9. Health subtotal (Lines 1 to 8).....	.....8,837,925	.....85,082,164	.....121,844	.....9,851,821	.....8,959,769	.....11,874,383
10. Healthcare receivables (a).....	.....1,293,160	.....4,571,648	.....735,325	.....2,854,976	.....2,028,485	.....603,539
11. Other non-health.....					.....0	.....0
12. Medical incentive pools and bonus amounts .....	.....344,605		.....23,800		.....368,405	.....368,405
13. Totals (Lines 9 - 10 + 11 + 12)	7,889,370	80,510,516	(589,681)	6,996,845	7,299,689	11,639,249

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	17,559	760	80	135,412	
2. 2002	105,813	16,543	479	122,835	
3. 2003	XXX	79,674	17,317	96,943	(93)
4. 2004	XXX	XXX	70,606	81,339	(383)
5. 2005	XXX	XXX	XXX	71,535	7,799
6. 2006	XXX	XXX	XXX	XXX	81,242

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	18,194	760	80		
2. 2002	105,186	16,543	479		
3. 2003	XXX	83,556	1,777	(48)	(93)
4. 2004	XXX	XXX	85,237	10,733	(383)
5. 2005	XXX	XXX	XXX	68,343	(3,005)
6. 2006	XXX	XXX	XXX	XXX	86,814

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	126,807	0		0.0	0	0.0			0	0.0
2. 2003	112,706	(93)		0.0	(93)	(0.1)			(93)	(0.1)
3. 2004	101,921	(383)		0.0	(383)	(0.4)			(383)	(0.4)
4. 2005	102,242	7,799		0.0	7,799	7.6			7,799	7.6
5. 2006	103,596	81,242	184	0.2	81,426	78.6	9,997	184	91,607	88.4

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	17,559	760	80	135,412	.0
2. 2002	105,813	16,543	479	122,835	.0
3. 2003	XXX	79,674	17,317	96,943	(93)
4. 2004	XXX	XXX	70,606	81,339	(383)
5. 2005	XXX	XXX	XXX	71,535	7,799
6. 2006	XXX	XXX	XXX	XXX	81,242

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	18,194	760	80	.0	.0
2. 2002	105,186	16,543	479	.0	.0
3. 2003	XXX	83,556	1,777	(48)	(93)
4. 2004	XXX	XXX	85,237	10,733	(383)
5. 2005	XXX	XXX	XXX	68,343	(3,005)
6. 2006	XXX	XXX	XXX	XXX	86,814

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	126,807	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2003	112,706	(93)	.0	.0	(93)	(0.1)	.0	.0	(93)	(0.1)
3. 2004	101,921	(383)	.0	.0	(383)	(0.4)	.0	.0	(383)	(0.4)
4. 2005	102,242	7,799	.0	.0	7,799	7.6	.0	.0	7,799	7.6
5. 2006	103,596	81,242	184	0.2	81,426	78.6	9,997	184	91,607	88.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	0	0			0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			436,945		436,945
2. Salaries, wages and other benefits.....	1,819,056	466,725	3,236,117		5,521,898
3. Commissions (less \$ceded plus \$assumed.....					0
4. Legal fees and expenses.....	589		719,300		719,889
5. Certifications and accreditation fees.....	45,350	27			45,377
6. Auditing, actuarial and other consulting services.....	18,220	36	386,485		404,741
7. Traveling expenses.....	61,396	616	194,827		256,839
8. Marketing and advertising.....	3,033	19	244,272		247,324
9. Postage, express and telephone.....	18,134	4	636,803		654,941
10. Printing and office supplies.....	10,665	1,039	341,640		353,344
11. Occupancy, depreciation and amortization.....	21,509	6,264	109,567		137,340
12. Equipment.....			103,318		103,318
13. Cost or depreciation of EDP equipment and software.....	202,689	59,687	1,008,319		1,270,695
14. Outsourced services including EDP, claims, and other services.....	211,198	172,190	364,237		747,625
15. Boards, bureaus and association fees.....	1,760		114,124		115,884
16. Insurance, except on real estate.....			110,497		110,497
17. Collection and bank service charges.....			38,563	9,302	47,865
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....			4,157		4,157
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....			314,666		314,666
23.5 Other (excluding federal income and real estate taxes).....			38		38
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	14,203	462	(656)	0	14,009
26. Total expenses incurred (Lines 1 to 25).....	2,427,802	707,069	8,363,219	9,302	(a).....11,507,392
27. Less expenses unpaid December 31, current year.....	183,628		3,034,550		3,218,178
28. Add expenses unpaid December 31, prior year.....	0	232,397	3,936,782	0	4,169,179
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	2,244,174	939,466	9,265,451	9,302	12,458,393
DETAIL OF WRITE-INS					
2501. Other.....	14,203	462	(656)		14,009
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	14,203	462	(656)	0	14,009

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....19,161	.....38,779
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....44,782	.....141,316
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....10,983	.....8,539
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....1,033,645	.....1,060,887
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	1,108,571	1,249,521
11.	Investment expenses		(g).....9,302
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....401,438
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....410,740
17.	Net Investment Income - (Line 10 minus Line 16)		838,781
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$13,393 accrual of discount less \$500 amortization of premium and less \$72,822 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$401,438 interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				.....0
1.1	Bonds exempt from U.S. tax .....				.....0
1.2	Other bonds (unaffiliated) .....				.....0
1.3	Bonds of affiliates .....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....				.....0
2.11	Preferred stocks of affiliates .....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....9,880	.....0	.....(8,096)	.....1,784	
2.21	Common stocks of affiliates .....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....				.....0
4.	Real estate .....				.....0
5.	Contract loans .....				.....0
6.	Cash, cash equivalents and short-term investments .....17,540				.....17,540
7.	Derivative instruments .....				.....0
8.	Other invested assets .....				.....0
9.	Aggregate write-ins for capital gains (losses) .....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses) .....27,420	.....0	.....(8,096)	.....19,324	
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	2,603,062	191,913	(2,411,149)
23. Aggregate write-ins for other than invested assets	50,175	64,963	14,788
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	2,653,237	256,876	(2,396,361)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	2,653,237	256,876	(2,396,361)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Insurance.....	12,298	15,394	3,096
2302. Prepaid Other	37,877	49,569	11,692
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	50,175	64,963	14,788

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	46,995	48,297	48,174	47,787	49,163	580,504
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	46,995	48,297	48,174	47,787	49,163	580,504
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices – The annual statement has been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that State law differs. No material change has occurred since the Annual 2005 filing, except to report certain items on different line items as reflected in Note 2 below.

B. Use of Estimates in the Preparation of the Financial Statements – The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Services of the State of Michigan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Due to the prospective nature of these estimates, actual results could differ. Medical revenues and expenses require significant estimates, which include incurred but not reported claims.

C. Accounting Policy – The Company receives monthly capitation and delivery case rate payments under its contract with the Michigan Department of Community Health. The Company is required to provide covered health care services to all recipients enrolled, regardless of the cost of care provided. Capitation and delivery case rate revenue is recognized in the month that recipients are entitled to health care benefits. Reinsurance premiums are netted against premium revenue, and reinsurance recoveries are reported as a reduction of related health care costs.

2. Accounting Changes and Correction of Errors -The following items are now classified in the financial statements on the line items reflected below. For comparative purposes, the account balances for these same items at December 31, 2005 are shown.

Item	Statement Name	December 31, 2006		December 31, 2005	
		Line	Amount	Line	Amount
Capitation Receivable	Assets Pg 2	13.1	128,000	22	220,709
Provider claims withhold	Liabilities, Capital and Surplus Pg 3	1	180,615	3	243,832
Management Fee liability	Liabilities, Capital and Surplus Pg 3	15	48,586	9	1,219,812
Third Party Liability Recoveries	Statement of Revenue and Expenses Pg 4	9	(668,178)	14	(213,998)

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None

5. Investments

- a. Mortgage Loans - None
- b. Debt Restructuring - None
- c. Reverse Mortgage - None
- d. Loan-Backed Securities - None
- e. Repurchase Agreements - None
- f. Real Estate - None

6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income – Interest income earned through December 31, 2006 is accrued in the accompanying financial statements.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates –

The Company has an administrative service agreement with CareSource Management Group to perform substantially all administrative services of the Company. The Company paid management fees to CareSource Management Group based on plan revenues and other criteria. Management fees to Caresource Management Group under the administrative service agreements were \$10,301,387 for the twelve months ended December 31, 2006.

11. Debt - None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

- a. Defined Benefit Plan - None
- b. Defined Contribution Plan - None
- c. Multi-employer Plans - None
- d. Consolidated/Holding Company Plans - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – Surplus note principal payments of \$5,600,000 and interest of \$ 400,558 were paid in 2006. The payment was made with the pre-approval of the Commissioner and represent full payment of the remaining balance due on the principal and interest due on the loan.

14. Contingencies

- a. Contingent Commitments - None
- b. Assessments - None
- c. Gain Contingencies - None
- d. All other Contingencies - None

NOTES TO FINANCIAL STATEMENTS

15. Leases – The monthly rental for the principal office location of the Company is the financial responsibility of the management company per the administrative services agreement.
16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments.
17. Sale, transfer and servicing of financial assets and extinguishments of liabilities
a. Transfers of receivables reported as sales - None
b. Transfer and servicing of financial assets - None
c. Wash sales - None
18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans
a. ASO plans – N/A
b. ASC plans – N/A
c. Medicare or similarly structured cost based reimbursed contracts – N/A
19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.
20. September 11 Events - Not impacted
21. Other Items
a. Extraordinary items - None
b. Troubled debt restructuring: Debtors - None
c. Other Disclosures - None
22. Events subsequent – No significant events after December 31, 2006.
23. Reinsurance
a. Unsecured Reinsurance Recoverables - None
b. Reinsurance Recoverable in Dispute - None
c. Reinsurance Assumed and Ceded - \$ 0 and \$309,882 respectively
d. Uncollectible Reinsurance - None
e. Commutation of Ceded Reinsurance - None
f. Retroactive Reinsurance - None
24. Retrospectively rated contracts & contracts subject to redetermination – None.
25. Change in Incurred Claims and Claims Adjustment Expenses - There has been no change in the methodology of computing incurred claims and claims adjustment expenses in the current year. Original estimates of incurred but not reported claims at December 31, 2005 were more than adequate to cover claims payments made in 2006 attributable to insured events of the prior year.
26. Intercompany Pooling Arrangements - Not applicable
27. Structured Settlements - Not applicable
28. Health Care Receivables - Community Choice Michigan recorded \$ 438,904 of pharmaceutical rebates receivable at December 31, 2006, net of non-admitted amounts of \$214,552. During 2006, Community Choice Michigan collected \$365,047 for rebates related to 2005. Pharmacy rebates are netted with pharmacy expense.

NOTES TO FINANCIAL STATEMENTS

The Company's administration of rebates is through a pharmacy benefits manager. Reports are generated by the PBM and these are used to estimate receivables. Estimated receivables are confirmed with actual cash receipt of rebates and the accompanying report detailing the amounts by manufacturer. These reports are received on a quarterly basis, generally six months after the quarter in which the receivable is recorded.

Column 1 Quarter	Column 2 Estimated Pharmacy Rebates As Reported on Financial Statements	Column 3 Pharmacy Rebates as billed or Otherwise Confirmed	Column 4 Actual Rebates Received within 90 days of Billing	Column 5 Actual Rebates Received Within 91 to 180 days of Billing	Column 6 Actual Rebates Received More than 180 days of Billing
12/31/2006	224,351	224,351			
9/30/2006	214,552	214,552			
6/30/2006	255,314	259,823			259,823
3/31/2006	185,839	204,102			204,102
12/31/2005	187,181	197,096			197,096
9/30/2005	194,774	199,688			199,688
6/30/2005	183,859	199,208			199,208
3/31/2005	202,870	193,690			193,690
12/31/2004	205,563	192,687			192,687
9/30/2004	207,827	192,870			192,870
6/30/2004	216,644	207,379			207,379
3/31/2004	206,474	184,302			184,302
12/31/2003	192,669	194,571			194,571
9/30/2003	111,963	113,575			113,575

29. Participating Policies - Not applicable
30. Premium Deficiency Reserves - Not deemed necessary
31. Anticipated Salvage and Subrogation – Subrogation recoveries totaled \$ 68,509 for the period ended December 31, 2006.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities		0.000	1,478,030	6.399
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000	2,233,698	9.671
1.513 All other		0.000	1,242,327	5.379
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000	587,985	2.546
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments		0.000	17,555,089	76.006
9. Other invested assets		0.000		0.000
10. Total invested assets	0	0.000	23,097,129	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [] No [X]
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [] No [] NA [X]
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [X] No []
- 2.2

If yes, date of change:

08/01/2006
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

11/13/2006
- 3.4

By what department or departments? State of Michigan, Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes [] No [X]
- 4.12

renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes [] No [X]
- 4.22

renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control;
- 7.22

State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Plante & Moran, PLLC 2601 Cambridge Court, Suite 500, Auburn Hills MI 48326
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

PricewaterhouseCoopers LLP, One North Wacker, Chicago IL 60606
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA [X]

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

0

16.12

To stockholders not officers

\$

0

16.13

Trustees, supreme or grand (Fraternal only)

\$

0
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

0

16.22

To stockholders not officers

\$

0

16.23

Trustees, supreme or grand (Fraternal only)

\$

0
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

0

17.22

Borrowed from others

\$

0

17.23

Leased from others

\$

0

17.24

Other

\$

0
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

0

18.22

Amount paid as expenses

\$

0

18.23

Other amounts paid

\$

0
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$

0

GENERAL INTERROGATORIES
INVESTMENT

- 20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [] No [X]
- 20.2

If no, give full and complete information relating thereto:
Held at Fifth Third Bank
- 21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes [] No [X]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$

0

21.22

Subject to repurchase agreements

\$

0

21.23

Subject to reverse repurchase agreements

\$

0

21.24

Subject to dollar repurchase agreements

\$

0

21.25

Subject to reverse dollar repurchase agreements

\$

0

21.26

Pledged as collateral

\$

0

21.27

Placed under option agreements

\$

0

21.28

Letter stock or other securities restricted as to sale ...

\$

0

21.29

Other

\$

0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

- 22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] NA [X]

If no, attach a description with this statement.
- 23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]
- 23.2

If yes, state the amount thereof at December 31 of the current year.

\$

0

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Fifth Third Bank.....	501 Coolidge Road, Suite 102, Eat Lansing MI 48823..

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
Citibank Private Bank.....	120 Broadway, New York New York 10271..	Account closed in November 2006.....
Fifth Third Bank.....	501 Coolidge Road, Suite 102 East Lansing, MI 48823.....	Custodial agreement in progress.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [X] No []

24.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....	Fifth Third Bank.....	..06/13/2006..	New investment account.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
59395.....	Fifth Third Asset Management.....	38 Fountain Sq Plaza, Cincinnati OH 45263.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
25.2999 TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	10,156,062	5,580,933	(4,575,129)
26.2 Preferred stocks.....	0	0	0
26.3 Totals	10,156,062	5,580,933	(4,575,129)

26.4 Describe the sources or methods utilized in determining fair values:

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$6,500

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Primary Care Association.....	6,500

29.1 Amount of payments for legal expenses, if any?.....\$670,004

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Butzel Long.....	537,004

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

103,596,161

\$

101,983,706

2.2

Premium Denominator

\$

103,596,161

\$

101,983,706

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

\$

23,800

\$

368,405

2.5

Reserve Denominator

\$

9,997,465

\$

12,242,788

2.6

Reserve Ratio (2.4/2.5)

0.002

0.030

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

125,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1

Does the reporting entity set up its claim liability for provider services on a service date base?

Yes [X] No []

7.2

If no, give details:

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

2,460

8.2

Number of providers at end of reporting year

2,774

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes ☒ No ☐

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....23,800

10.22 Amount actually paid for year bonuses

\$.....66,136

10.23 Maximum amount payable withholds

\$.....180,616

10.24 Amount actually paid for year withholds

\$.....344,605

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,

Yes ☐ No ☒

11.14 A Mixed Model (combination of above) ?

Yes ☐ No ☒

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes ☒ No ☐

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....7,478,672

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Alcona.....
Allegan.....
Alpena.....
Antrim.....
Arenac.....
Benzie.....
Berrien.....
Calhoun.....
Cass.....
Charlevoix.....
Cheboygan.....
Crawford.....
Genesee.....
Gladwin.....
Grand Traverse.....
Iosco.....
Kalamazoo.....
Kalkaska.....
Kent.....
Lake.....
Leelanau.....
Manistee.....
Mason.....
Mecosta.....
Missaukee.....
Montmorency.....
Newaygo.....
Oceana.....
Ogemaw.....
Osceola.....
Oscoda.....
Ostego.....
Ottawa.....
Presque Isle.....
Roscommon.....
Saginaw.....
St Joseph.....
Van Buren.....

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	25,141,329	32,701,680	27,885,829	24,691,253	20,354,839
2. Total liabilities (Page 3, Line 22)	13,264,229	16,411,967	17,160,442	24,521,367	20,149,449
3. Statutory surplus	7,478,672	0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	11,877,100	16,289,713	10,725,387	169,886	205,390
Income Statement (Page 4)					
5. Total revenues (Line 8)	97,391,392	95,697,827	95,303,738	111,717,581	127,051,915
6. Total medical and hospital expenses (Line 18)	83,167,801	79,027,913	81,750,761	100,365,920	118,617,171
7. Claims adjustment expenses (Line 20)	3,134,871	3,582,434	965,975	2,219,654	0
8. Total administrative expenses (Line 21)	8,363,219	6,747,211	9,286,605	10,847,770	14,071,660
9. Net underwriting gain (loss) (Line 24)	2,725,501	6,340,269	3,300,397	(1,715,763)	(8,319,937)
10. Net investment gain (loss) (Line 27)	866,201	544,452	315,111	203,797	325,775
11. Total other income (Lines 28 plus 29)	0	0	99,461	1,414,909	24,729
12. Net income (loss) (Line 32)	3,591,702	6,884,721	3,714,969	(97,057)	(7,969,433)
Risk - Based Capital Analysis					
13. Total adjusted capital.....	11,877,100	16,289,713	10,725,387	169,886	205,390
14. Authorized control level risk-based capital.....	3,739,336	3,614,866	3,665,674	4,409,017	4,902,891
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	49,163	46,995	49,047	56,312	67,926
16. Total member months (Column 6, Line 7)	580,504	576,991	613,478	773,435	898,579
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	80.3	77.5	80.6	89.5	93.5
19. Cost containment expenses	2.3	2.9	0.0	xxx	xxx
20. Other claims adjustment expenses	0.7	0.6	0.0	0.0	0.0
21. Total underwriting deductions (Line 23)	91.4	87.6	90.7	101.5	106.8
22. Total underwriting gain (loss) (Line 24)	2.6	6.2	3.3	(1.5)	(6.6)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	7,299,689	11,024,683	18,136,603	17,826,739	15,377,135
24. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	11,639,249	15,434,515	21,620,182	24,489,292	22,404,895
Investments In Parent, Subsidiaries And Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	16,700
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate		0	0	0	0
30. All other affiliated		0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	16,700

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	4,954,055	4,983,106	4,942,616	5,000,000
	2. Canada				
	3. Other Countries				
	4. Totals	4,954,055	4,983,106	4,942,616	5,000,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	587,985	597,828	586,531	600,000
	22. Canada				
	23. Other Countries				
	24. Totals	587,985	597,828	586,531	600,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	5,542,040	5,580,934	5,529,147	5,600,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	5,542,040	5,580,934	5,529,147	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	40,782	7. Amortization of premium.....	500
2. Cost of bonds and stocks acquired, Column 7, Part 3	5,529,146	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	13,393	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	(8,096)	9. Book/adjusted carrying value at end of current period	5,542,040
5. Total gain (loss), Column 19, Part 4	9,880	10. Total valuation allowance	0
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	5,542,040
Column 7, Part 4	42,565	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	5,542,040

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
State, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/Casualty Premiums
Accident & Health Premiums				Medicare Title XVIII	Medicaid Title XIX			
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes			103,906,043			
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CN								
58. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	0	0	103,906,043	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	0	0	103,906,043	0	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

